

EXHIBIT C

NORTH DAKOTA IMPLEMENT DEALERS ASSOCIATION

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June 7, 2017

**TO: NDIDA Dealer Members
NDIDA Associate Members**

**FROM: Matthew C. Larsgaard, MBA
President/CEO**

SUBJ: FINAL 2017 LEGISLATIVE REPORT

On April 27, 2017, the 65th Legislative Assembly adjourned. Throughout the session, most of the discussion centered on the massive state budget shortfall and the downward trend of state revenue which was due to a prolonged slump in the oil and agriculture economies. Legislators were forced to narrowly develop state agency budgets and make cuts across the board in an effort to adjourn the session with a balanced budget which is constitutionally required. The bad news is that we did not see any substantive tax relief or reform. The good news is that there were not any increases to our individual or corporate income tax rates or other negative adjustments to motor vehicle excise tax, farm equipment gross receipts tax, sales tax, etc.

Going into the session, it was well known that the state had been struggling with budget shortfalls for several years. As a result, we witnessed a significant reduction in both fiscal and policy bills. In total, the session lasted a total of 77 of the 80 day constitutional limit. During the course of the session, the legislative body dealt with 832 bills and resolutions; 106 less than the 2015 session and 289 (26%) less than the 2013 session.

In the areas of labor law, attempts to manipulate the minimum wage and give an appointed labor commissioner the power to set the wage as he or she desired was also defeated. While wages far surpass the minimum wage here in North Dakota, we continue to believe the market is the best indicator of base wages. A look at our state's market shows that we have some fairly high wages throughout the state.

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NDIDA Legislative Report

June 7, 2017

Page 2 of 3

With the exception of those large enough to self-insure, employers in North Dakota enjoy the lowest Workforce, Safety, and Insurance (WSI) rates in the nation. Not only are our rates far lower than anyone else, our benefits to employees are among some of the best. Several attempts were made to open it up to competition. However, our WSI system works well, providing a competitive advantage North Dakota businesses enjoy.

If you have followed our weekly reports, you are well aware of the many issues on the NDIDA agenda. We were successful in amending or defeating all of the bills that would have had a negative impact on the retail farm equipment sector.

Enclosed is a summary of the major pieces of legislation that we followed during the session, the NDIDA position on each bill, and the final outcome. Several bills were amended extensively to satisfy the concerns of the NDIDA. This process allows us to make an objectionable bill more acceptable to our industry.

The following paragraphs provide a detailed explanation of one the most comprehensive and impactful pieces of legislation that the NDIDA has ever introduced in our 117 year history.

SB 2289 – Farm Equipment Dealer Bill of Rights: This bill was introduced by NDIDA, and is designed to strengthen current state law, specifically the “Prohibited practices under farm equipment dealership contracts.” This section of code was originally created in 1991 to help promote equity and fairness in business dealings between farm equipment dealers and their manufacturers.

The bill was developed as a response to a fundamental shift in the requirements that are placed upon farm equipment dealers by their manufacturers. The bill enhances existing law and also addresses several manufacturer contract issues that would create numerous challenges for dealers.

SB 2289 sets forth prohibitions regarding **dealership terminations, mandatory equipment and parts purchases, minimum order requirements,** “purity” requirements stipulating the separation of facilities/personnel/display space/etc., and more.

The bill also **requires manufacturers to reimburse dealers for warranty parts, labor, and transportation at the respective dealer's non-warranty customer pay rate.** This warranty reimbursement language also applies to manufacturer issued **product improvement programs, factory maintenance plans, extended warranties, service contracts,** etc.

The new law also **limits the warranty or incentive audit and chargeback period to one year and establishes other limitations regarding warranty and incentive payment chargebacks.**

NDIDA Legislative Report

June 7, 2017

Page 3 of 3

SB 2289 also requires manufacturer **performance standards to be transparent and reasonable** and establishes a fair process through which dealers may transfer or sell their dealership.

SB 2289's passage was vigorously promoted by NDIDA members during the session. NDIDA also established an Ag coalition to support the bill. That coalition included the ND Farm Bureau, ND Farmer's Union, ND Ag Association, ND Grain Growers Association, and the ND Stockmen's Association. In the end, dealer and producer concerns resonated with legislators, who passed SB 2289 with a vote of 46-0 in the Senate, and 86-5 in the House. SB 2289 was signed by Governor Doug Burgum and will take effect August 1, 2017.

As you may see within this report, government legislation and regulation have a major impact on your ability to make a profit in your dealership. If NDIDA is to continue to be successful on Capitol Hill, we need your support. NDIDA-PAC receives and disburses automobile dealer funds to select candidates running for North Dakota legislative and state offices only.

It is critical to your business operation that we help support those candidates that understand your needs as a farm equipment dealer. This is extremely important as NDIDA fights to keep the interests of North Dakota dealers in the minds of state lawmakers. It is important to note that contributing dealers control the distribution of NDIDA-PAC funds. During the election cycle, each contributing dealer will have the opportunity to select the specific candidate(s) of their choice.

The last page of this report is a NDIDA-PAC contribution form. Please help elect candidates who understand your business by sending your voluntary 2017 contribution today. Under North Dakota state law, contributions must be made by personal check. Corporate checks may not be accepted.

The 65th Legislative Assembly was highly successful for the farm equipment dealers in North Dakota. We would like to extend a special thank you to every dealer who took the time to be involved. Without the help of our dealer body, we could not have accomplished what we did.

Thank you for your membership and continued support of NDIDA. It is truly appreciated!

For the dealers,

Matthew